AMENDMENTS TO THE CLAIMS

This listing of the claims will replace all prior versions including the claims in the application.

Listing of the claims:

1. – 3. (Cancelled)

4. (Currently Amended) The method according to claim 3~~1~~2 wherein the disease is diabetic nephropathy.

5. (Currently Amended) The method according to claim 3~~1~~2 wherein the disease is insulin resistance.

6. (Currently Amended) The method according to claim 3~~1~~2 wherein the disease is diabetic neuropathy.

7. (Currently Amended) The method according to claim 2 wherein the disease is diabetic retinopathy.

8. (Currently Amended) The method according to claim 3~~1~~2 wherein the disease is myocardial infarction.

9. (Currently Amended) The method according to claim 3~~1~~2 wherein the disease is cataracts.

10. (Currently Amended) The method according to claim 3~~1~~2 wherein the disease is diabetic cardiomyopathy.

11. – 13. (Cancelled)

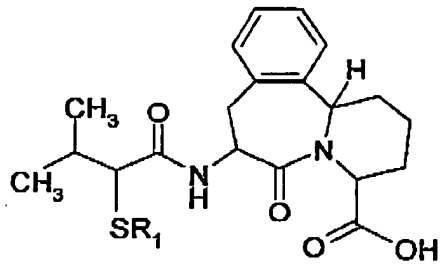
14. (Currently Amended) The method according to claim 3~~1~~13, wherein R_1 is acetyl.

15. (Currently Amended) The method according to claim 3143, wherein R_1 is hydrogen.

16. (Currently Amended) The method according to claim 3143, wherein B_1 and B_2 are hydrogen.

17. (Currently Amended) The method according to claim 3143, wherein X is $-CH_2$.

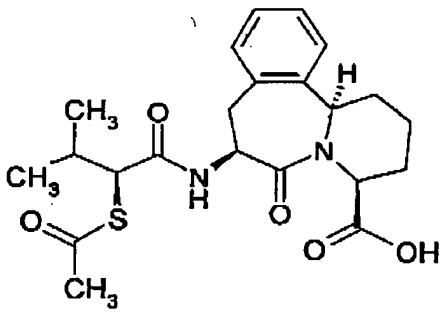
18. (Currently Amended) The method according to claim 314, wherein the compound is the compound of formula (II-A)



(II-A),

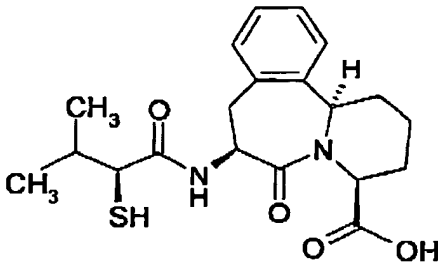
wherein R_1 is acetyl or hydrogen.

19. (Original) The method according to claim 18, wherein the compound has the formula (II-B)



(II-B).

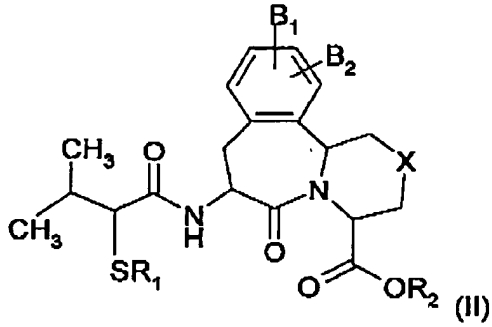
20. (Original) The method according to claim 18, wherein the compound has the formula (II-C)



(II-C).

21.-30. (Cancelled)

31. (New) A method of inhibiting both angiotensin converting enzyme and neutral endopeptidase for treatment of a disease amenable to treatment with a compound that inhibits both angiotensin converting enzyme and neutral endopeptidase which comprises administering to a patient in need of said treatment a therapeutically effective amount of a compound of formula (II)



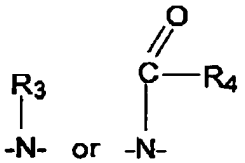
(II)

wherein

R_1 is hydrogen or acetyl;

R_2 is hydrogen, $-CH_2O-C(O)C(CH_3)_3$, C_1-C_4-alkyl, aryl, -(C_1-C_4-alkyl)-aryl, or diphenylmethyl;

X is $-(CH_2)_n$ wherein n is an integer 0 or 1, -S- , -O- ,



wherein R_3 is hydrogen, C_1-C_4-alkyl, aryl, or -(C_1-C_4-alkyl)-aryl; and R_4 is CF_3, C_1-C_{10}-alkyl, aryl, or -(C_1-C_4-alkyl)-aryl;

B_1 and B_2 are each independently hydrogen, hydroxy, or $-OR_5$, wherein

R_5 is C_1-C_4-alkyl, aryl, or -(C_1-C_4-alkyl)-aryl or, where B_1 and B_2 are attached to adjacent carbon atoms, B_1 and B_2 can be taken together with said adjacent carbon atoms to form a benzene ring or methylenedioxy, or a pharmaceutically acceptable salt or stereoisomer thereof, and

wherein the disease is selected from the group consisting of diabetic nephropathy, insulin resistance, diabetic neuropathy, diabetic retinopathy, myocardial infarction, cataracts and diabetic cardiomyopathy.